Supreme Court, U.S.
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No. 02-___

IN THE

Supreme Court of the United States

Pin Yen Yang, Hwei-Chen Yang,
and Four Pillars Enterprise Co., Ltd.,
Petitioners,

v.

United States of America.

On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Sixth Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

In this case, petitioners were convicted of attempting to steal and conspiring to steal a trade secret relating to a product in interstate commerce. The document in question was not a trade secret, but rather was prepared pursuant to a government sting operation which predated petitioners' involvement. The question presented is whether petitioners' belief that they were receiving an actual trade secret is a sufficient basis for their convictions. That question is related to the question presented in No. 01-1194, *United States* v. *Recio*, *cert. granted*, 122 S. Ct. 2288 (2002).

PARTIES TO THE PROCEEDINGS BELOW

All the parties to the proceedings below are listed in the caption.

RULE 29.6 STATEMENT

Petitioner Four Pillars Enterprise Co., Ltd., has no parent company and no company owns 10% or more of its stock.

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PETITION FOR A WRIT OF CERTIORARI

Petitioners Four Pillars Enterprise Co., Pin Yen Yang, and Hwei-Chen Yang respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Sixth Circuit in this case.

OPINIONS BELOW AND JURISDICTION

The opinion of the Sixth Circuit (Pet. App. 1a-25a) is reported at 281 F.3d 534. The opinions of the district court are unpublished. The judgments of conviction are reproduced *infra* at 34a-49a. The court of appeals issued its judgment on February 20, 2002 and denied petitioners' timely petition for rehearing en banc on April 10, 2002 (Pet. App. 50a.). Justice Stevens subsequently extended the time to file this petition to and including August 7, 2002. This Court has jurisdiction pursuant to 28 U.S.C. 1254(1).

RELEVANT STATUTORY PROVISION

Section 1832(a) of Title 18, United States Code, provides:

> Whoever, with intent to convert a trade secret, that is related to or included in a product that is produced for or placed in interstate or foreign commerce, to the economic benefit of anyone other than the owner thereof, and intending or knowing that the offense will, injure any owner of that trade secret, knowingly—
>
> (1) steals, or without authorization appropriates, takes, carries away, or conceals, or by fraud, artifice, or deception obtains such information;
>
> (2) without authorization copies, duplicates, sketches, draws, photographs, downloads, uploads, alters, destroys, photocopies, replicates, transmits, delivers, sends, mails, communicates, or conveys such information;
>
> (3) receives, buys, or possesses such information, knowing the same to have been stolen or

appropriated, obtained, or converted without authorization;

(4) attempts to commit any offense described in paragraphs (1) through (3); or

(5) conspires with one or more other persons to commit any offense described in paragraphs (1) through (3), and one or more of such persons do any act to effect the object of the conspiracy,

shall, except as provided in subsection (b), be fined under this title or imprisoned not more than 10 years, or both.

STATEMENT OF THE CASE

1. In 1996, Congress enacted the Economic Espionage Act ("EEA"). That statute makes it a crime to steal a trade secret with a sufficient federal nexus – one that is "related to or included in a product that is produced for or placed in interstate or foreign commerce." 18 U.S.C. 1832(a). The statute furthermore makes it a crime to "attempt" or to "conspire" to steal such a trade secret (*id.* § 1832(a)(4)-(5)), although the statute does not define those terms.

2. This prosecution under the EEA arises from a joint venture relationship between two manufacturers of adhesive products: Avery Dennison (a U.S. company) and petitioner Four Pillars Enterprise Co., Ltd. (a Taiwanese company). Beginning in 1987, Avery and Four Pillars discussed joint ventures and freely exchanged confidential information on several projects. Beginning in 1989, Four Pillars also retained an Avery scientist, Victor Lee, as a consultant.

In 1996, Avery officials, who were not previously aware of the consulting relationship, became concerned that Lee was passing confidential information to Four Pillars. They contacted the Federal Bureau of Investigation, which confronted Lee with the allegations and constructed a sting operation, in which Lee would participate.[1] On the FBI's

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[1] The district judge harshly criticized Avery's involvement in both the events leading to petitioners' prosecution and the prosecution itself,

instructions, Lee repeatedly invited Four Pillars' co-founder, petitioner Pin Yeng Yang ("P.Y. Yang") to travel to the United States to meet. P.Y. Yang eventually agreed to meet in the United States with his daughter, Hwei-Chen Yang ("Sally Yang"). In the course of these conversations, Lee mentioned the subject of "emulsion coating" (Tr. 4/9/99, Vo. VII, at 1187), but he did not indicate that he would be bringing confidential information about emulsion coating, or any other confidential information, to the meeting.

The federal government, having arranged the meeting, staged it in a hotel room monitored by a camera and recorder. That morning, they presented Lee with a document that they believed would appear to be a patent application belonging to Avery. In reality, the document was (as the district court later described it) a "mock" application, which was assembled from various non-confidential sources. J.A. 1363. Thus, although the document was marked "confidential," it was not a "trade secret" under the EEA, for it did not "derive[] independent economic value * * * from not being generally known to * * * the public" (18 U.S.C. 1839(3)(B)). In the course of the meeting, Lee gave the document to the Four Pillars representatives, who began to remove "confidential" markings from it. The Yangs left at the conclusion of the meeting, and they were arrested by FBI agents soon thereafter.

3. The government charged petitioners in a twenty-one-count indictment. The case, however, essentially fell apart. The government on its own motion dismissed counts 8 (mail fraud), 11-13 (wire fraud), 16 (money laundering), and 17 and 19 (receipt of stolen property). The district judge dismissed counts 1-6 (mail fraud), 9-10 (wire fraud), 14-15 (money laundering), and 18 (receipt of stolen property) for

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explaining that "[w]ith Avery's participation and acquiescence of the Government, th[is] criminal case has become a tool for Avery to seek vengeance instead of a pursuit of justice." Tr. 4/15/99, Vol. XV, at 1829-38.

insufficiency of the evidence. J.A. 1010. And, at trial, the jury acquitted petitioners on the sole remaining fraud charge.

That left charges that petitioners attempted to and conspired to steal a trade secret in a product in interstate commerce. The charged conspiracy encompassed only the period between the Yangs' telephone conversation with Lee, in which the meeting was arranged, and the date of the meeting. J.A. 97-98. Both in the indictment and throughout the trial testimony, the government's theory was that the document given by the FBI to Lee, and by Lee to petitioners, was an actual "trade secret." J.A. 97-99. But that theory collapsed in the cross-examination of a government witness, who admitted that the document sold to petitioners was "essentially just a cut and paste job" of material "taken from other patents." Tr. 4/19/99, Vol. XIII, at 2082. See also *id.* at 2089.

After the trial testimony, the government retreated, over petitioners' objection, to the theory that, even if the document was not a trade secret, petitioners could be convicted so long as *they believed* that they were receiving a trade secret. The district court agreed, adopting the holding of *United States* v. *Hsu*, 155 F.3d 189 (CA3 1998), that legal impossibility is not a defense to the inchoate crimes of attempt and conspiracy to steal a trade secret. Pet. App. 32a (citing *Hsu*, 155 F.3d at 202-03). The jury subsequently returned guilty verdicts on each count. Petitioners were fined a total of $5,255,000, and the individuals were sentenced to terms of imprisonment and probation. *Id.* 34a-51a.

4. On petitioners' appeal, the Sixth Circuit sustained petitioners' convictions for attempt and conspiracy. Like the district court, the court of appeals adopted the Third Circuit's holding in *Hsu* that "legal impossibility is not a defense" to charges of attempt or conspiracy. See Pet. App. 9a, 32a. The Sixth Circuit adopted the Third Circuit's view that a contrary holding would produce "the anomalous result * * * that the government would be compelled to use actual trade secrets in

its sting operations and would be compelled to turn over those trade secrets to the persons charged with attempting to steal them." Pet App. 8a, *citing Hsu*, 155 F.3d at 202.

The Sixth Circuit accordingly held that petitioners were properly convicted of attempt and conspiracy. A charge of attempt, the court of appeals held, is governed by the Model Penal Code standard: "a defendant is guilty of attempting to commit a criminal offense when he 'purposely does or omits to do anything that, *under the circumstances as he believes them to be*, is an act or omission constituting a substantial step * * * planned to culminate in his commission of the crime.'" Pet. App. 8a (quoting Model Penal Code § 5.01(1)(c) (emphasis added)) (alteration in original). Because the evidence at trial was sufficient to support the conclusions that petitioners "believed that the information Lee was providing was trade secrets belonging to Avery" and that petitioners "attempted to steal that information," their convictions were valid. *Id.* at 10a.

The Sixth Circuit applied the same standard in holding that impossibility was not a defense on the conspiracy count. According to the court of appeals, the conspiracy in this case "was completed when, with the intent to steal the trade secrets, [petitioners] agreed to meet with Lee in the hotel room and they took an overt act towards the completion of the crime, that is, when [petitioners] went to the hotel room." Pet. App. 10-11a. On the court of appeals' view that "the basis of the conspiracy charge is the agreement to commit the unlawful act, and not the unlawful act itself," it made no difference that a "conspiracy" was impossible, and the objectives of the "conspiracy" were unattainable, because Lee was acting as a government agent the entire time. *Id.* 8a-9a.

Regarding the patent application itself, the court of appeals found it sufficient that "[t]he patent application given by Lee to [petitioners] involved an Avery product generating sales of $75 - $100 million the previous year, and related to

products produced and sold in at least the United States and Canada." *Id.* 24a.

Separately, the court of appeals agreed with challenges raised by both petitioners and the government to sentencing rulings by the district court, and remanded the case for resentencing. Pet. App. 12a-17a.

5. The Sixth Circuit subsequently rejected petitioners' motion for rehearing and suggestion of rehearing *en banc*. Pet. App. 50a.

This petition followed.

REASONS FOR GRANTING THE WRIT

The Sixth Circuit's holding that "legal impossibility is not a defense" to charges of attempt and conspiracy (Pet. App. 8a) is the subject of a square circuit conflict that this Court has granted certiorari to resolve.

a. The Sixth Circuit's decision in this case follows, and comports with, the Third Circuit's decision in *United States* v. *Hsu*, 155 F.3d 189 (1998), which rejected the claim that impossibility was a defense to charges of attempt and conspiracy under the EEA. Other circuits have rejected the impossibility defense to prosecutions for inchoate crimes under other federal statutes. See, *e.g.*, *United States* v. *Wallace*, 85 F.3d 1063, 1068 (CA2 1996) (rejecting impossibility defense to charge of conspiracy to commit bank fraud); *United States* v. *LaBudda*, 882 F.2d 244, 248 (CA7 1989) (affirming conviction for conspiracy to sell stolen United States Savings Bonds, on the ground that "defendants can be found guilty of criminal conspiracy even though the object of their conspiracy is unattainable from the very beginning"); *United States* v. *Petit*, 841 F.2d 1546, 1549-50 (CA11) (affirming conviction for conspiracy to receive stolen goods, when the defendants erroneously "believed the goods to have been stolen"), *cert. denied*, 487 U.S. 1237 (1988); *United States* v. *Seelig*, 498 F.2d 109, 112-13 (CA5 1974) (affirming conviction for conspiracy to distribute cocaine

even though "a government informant was to effect the actual distribution of the drug"). See also 01-1184 Pet., *United States* v. *Recio* 13-14 (collecting cases, including *Hsu*).

On the other hand, the Sixth Circuit's decision conflicts with the rule in the Ninth Circuit. In *United States* v. *Recio*, 258 F.3d 1069 (2001), *cert. granted*, 122 S. Ct. 2288 (2002), the government set up a sting operation directed at the distribution of narcotics. The defendants were arrested the next day as part of the sting, and they were charged with conspiracy to distribute cocaine and marijuana. Relying on its prior decision in *United States* v. *Cruz*, 127 F.3d 791 (1997), the Ninth Circuit held that the conspiracy charge required the government to prove "the defendants' pre-seizure involvement in the conspiracy." *Recio*, 258 F.3d at 1072. The Ninth Circuit reasoned that, on the government's theory, conspiracy liability "could be endless," since an arrested conspirator could be instructed "to call all of his acquaintances * * * to help him" in the now-defeated plot, making all of those acquaintances liable for conspiracy. *Cruz*, 127 F.3d at 795 & n.3. To avoid such a scenario, the Ninth Circuit "decline[d] to extend liability for conspiracy" absent proof that the defendants had entered the conspiracy before "its objective had been defeated." *Id.* at 795. Because there was no such proof, the court of appeals in *Recio* reversed the defendants' convictions.

b. The circuit conflict presented by this case is already before this Court in *Recio*, *supra*. On May 28, 2002, the Court granted the Solicitor General's petition for certiorari, which presents the question "[w]hether a conspiracy ends as a matter of law when the government frustrates its objective." No. 01-1184 Pet. at i. The *Recio* petition describes "[t]he Ninth Circuit's embrace of factual impossibility as a defense to conspiracy liability" as being at odds with other circuits' rulings that "'a culpable conspiracy may exist even though, because of the misapprehension of the conspirators as to certain facts, the substantive crime which is the object of the conspiracy may be impossible to commit.'" No. 01-1184 Pet.

12, 13 (quoting *United States* v. *Belardo-Quinones*, 71 F.3d 941, 944 (CA1 1995)). The petition embraces the view of those circuits which hold that a defendant may be convicted of an inchoate offense "even though the object of [the crime] is unattainable from the very beginning." *Id.* at 13 (quoting *United States* v. *LaBudda*, 882 F.2d 244, 248 (CA7 1989)).

The Solicitor General's subsequent brief on the merits takes the same position. According to the government, because "the gravamen of a conspiracy charge is the *agreement* to commit an illegal act" (No. 01-1184 U.S. Br. 9 (typeset filing)), a "conspiracy may be formed to pursue a criminal goal that, unbeknownst to the conspirators, could not have been achieved" (*id.*). The government contends that this rule applies to attempt charges as well: "The modern and better view is that impossibility is not a defense [to attempt charges] when the defendant's actual intent (not limited by the true facts unknown to him) was to do an act or bring about a result proscribed by law." *Id.* at 16 n.4 (quoting Wayne LaFave & Austin W. Scott, Jr., *Substantive Criminal Law*, § 6.3, at 39 (alterations in original)). In short, on the government's view, "the possibility or impossibility" of actually achieving the ends of the crime "is of no relevance" to criminal liability for inchoate crimes. *Id.* at 15. In support of its position, the government (at 28) relies on *United States* v. *Everett*, 700 F.2d 900 (CA3 1983), the principal decision invoked by the Third Circuit in *Hsu*.

c. This Court's decision in *Recio* will determine the validity of petitioners' convictions. Like the defendants in *Recio*, petitioners were "brought into the * * * scheme only after law enforcement authorities had already intervened, and [their] involvement was prompted by the intervention." *Recio*, 258 F.3d at 1071. In this case, Lee "agreed to cooperate with the government in a sting operation" (Pet. App. 5a), and invited petitioners to come to the United States to meet, before the charged conspiracy arose and before petitioners took any step to secure the supposed trade secret in

question. Accordingly, if this Court affirms the Ninth Circuit in *Recio*, petitioners' convictions will be invalid.

It makes no difference that the petitioners in *Recio* were convicted only of conspiracy, while petitioners were convicted of both conspiracy and attempt. As the government's *Recio* brief indicates, a holding by this Court adopting the Ninth Circuit's impossibility holding would necessarily extend that defense to charges of attempt as well. No. 01-1184 U.S. Br. 16 n.4. In any event, this Court's decision in *Recio* will at the least directly affect petitioners' convictions on the conspiracy count. That count, in turn, may affect petitioners in several contexts: this case at resentencing, a parallel civil suit brought by Avery against Four Pillars (in which the conviction has been invoked to establish Four Pillars' liability for a judgment exceeding $10 million), and any later criminal proceedings. Cf. No. 01-1340 U.S. Br., *Hohn* v. *United States* (confessing that court of appeals erred in holding that defendant's challenge to expired sentence was moot, in light of this Court's decisions "accepting the most generalized and hypothetical of consequences as sufficient to avoid mootness in challenges to convictions" (quoting *Spencer* v. *Kemna*, 523 U.S. 1, 10 (1998))). Finally, even if this Court reverses the Ninth Circuit in *Recio*, petitioners' convictions may be invalid, for the Sixth Circuit held that the government need only prove that petitioners believed that the "mock" patent application the government had manufactured was a trade secret, as opposed to a trade secret "in interstate commerce," the element on which federal jurisdiction rests in this case. Pet. App. 10a-11a. Compare *United States* v. *Brantley*, 777 F.2d 159, 164 (CA4 1985).

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be held pending this Court's decision in No. 01-1194, *United States* v. *Recio*, *cert. granted*, 122 S. Ct. 2288 (2002), and then disposed of accordingly.

Respectfully submitted,

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July 25, 2002

APPENDIX

APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

Nos. 00-3125/3126/3150

United States of America (00-3150),

Plaintiff-Appellee/Cross Appellant,

v.

Pin Yen Yang, a/k/a P. Y. Yang, a/k/a P. Y. Young; Four Pillars Enterprise Company, Ltd. (00-3125); Hwei Chen Yang, a/k/a Huen Chan Yang, a/k/a Sally Yang, a/k/a Sally Young (00-3126),

Defendants-Appellants/Cross Appellees.

Appeal from the United States District Court
for the Northern District of Ohio at Youngstown.
No. 97-00288—Peter C. Economus, District Judge.

Argued: June 5, 2001

Decided and Filed: February 20, 2002

Before: BATCHELDER and MOORE, Circuit Judges;
BERTELSMAN, District Judge.(*)

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* The Honorable William O. Bertelsman, United States District Judge for the Eastern District of Kentucky, sitting by designation.

COUNSEL

ARGUED: Nancy Luque, Eric A. Dubelier, REED SMITH, LLP, Washington, D.C., Ralph E. Cascarilla, WALTER & HAVERFIELD LLP, Cleveland, Ohio, for Appellants. Kirby Heller, UNITED STATES DEPARTMENT OF JUSTICE, CRIMINAL DIVISION APPELLATE SECTION, Washington, D.C., for Appellee. **ON BRIEF:** Nancy Luque, Eric A. Dubelier, REED SMITH, LLP, Washington, D.C., Ralph E. Cascarilla, Darrell A. Clay, WALTER & HAVERFIELD LLP, Cleveland, Ohio, for Appellants. Kirby Heller, UNITED STATES DEPARTMENT OF JUSTICE, CRIMINAL DIVISION APPELLATE SECTION, Washington, D.C., for Appellee.

OPINION

ALICE M. BATCHELDER, Circuit Judge. The Defendants, Pin-Yen Yang (Yang), his corporation Four Pillars Enterprise Company, Ltd. (Four Pillars), and Yang's daughter Hwei Chen Yang (Sally), were charged by indictment with thirteen counts of mail and wire fraud in violation of 18 U.S.C. §§ 1341 and 1343, three counts of money laundering in violation of 18 U.S.C. § 2315, and one count of attempted theft of a trade secret and conspiracy to commit theft of a trade secret in violation of the Economic Espionage Act of 1996 (EEA), 18 U.S.C. § 1832.

Prior to the conclusion of the trial, the district court disposed of all but one of the fraud counts, and all of the money laundering and receipt of stolen property counts. On April 29, 1999, the jury found the Defendants guilty of attempt and conspiracy to commit theft of a trade secret, and acquitted them on the remaining fraud charge.

During the course of the proceedings the Defendants made numerous motions, including, among others, pretrial motions to suppress evidence, a *Batson* challenge to the composition of the jury, and motions for mistrial on several grounds, all of which the district court denied. In September, 1999, the Defendants moved for a new trial and renewed their motions for mistrial. After an evidentiary hearing on these motions, the court denied each of them. On January 5, 2000, the Defendants were sentenced. The court departed downward fourteen levels in establishing the offense level for each of the Defendants; the court, however, departed upward in sentencing Four Pillars, imposing the statutory maximum fine of $5,000,000.00. On appeal the Defendants appeal the denial of their pretrial, trial and post-trial motions and the district court's upward departure in imposing Four Pillars' fine. The Government appeals the district court's downward departure for each Defendant.

The principal issues before us in this appeal are the Defendants' contention that under the circumstances of this case it was legally impossible for them to have committed the crimes of which they were convicted; Four Pillars' contention that the district court erred in departing upward in imposing sentence; and the Government's contention that the district court erred in departing downward in setting the offense levels of the Defendants. Additionally, the Defendants challenge the district court's denials of a motion to suppress video- and audiotape evidence, a *Batson* challenge, a motion to prohibit contact between prosecutors and witnesses, motions for mistrial because of alleged prosecutorial misconduct, and motions for new trial on grounds of newly discovered evidence. Finally, the Defendants claim that the district court's instruction on the meaning of "theft" was plainly erroneous and that their convictions were not supported by the evidence. We conclude that the defense of impossibility is not available to the Defendants; that the district court erred in sentencing all of the Defendants; and, finally, that none of the remaining assignments of error has

merit. We will therefore affirm the judgments of conviction but vacate the sentences and remand for further proceedings consistent with this opinion.

I. Factual Background

Four Pillars is a Taiwanese company owned by Yang. Avery Dennison Inc. (Avery), an American corporation, is one of Four Pillars' chief competitors in the manufacture of adhesives. Dr. Victor Lee, a native of Taiwan, was employed by Avery in 1986 to do scientific research into adhesives. At all times relevant to this case, Lee was an employee of Avery. In 1989, while Lee was making a presentation in Taiwan, Four Pillars vice-president C.K. Kao introduced him to Yang and Sally. Yang asked Lee to serve as a "consultant" to Four Pillars and offered him compensation of $25,000.00 for a year of consultation. The parties agreed that they would keep the arrangement secret. Lee received a check, made out to his sister-in-law, from Four Pillars shortly thereafter.

After his return to the United States, Lee corresponded with Yang and Sally, describing the information he would provide them and indicating that some of the information Lee intended to provide the Yangs was confidential to Avery. On August 8, 1989, Lee sent two confidential Avery rheology[1] reports to the Yangs. The Yangs responded that the information was very helpful.

Lee continued to supply the Yangs with confidential information including information that Four Pillars could use in making a new acrylic adhesive developed by Avery. The Yangs sent Lee samples of the adhesives they had created using information he had supplied; Lee tested the samples and offered comparisons with Avery's products derived from the same adhesive formula.

The FBI confronted Lee after learning of Lee's industrial espionage. Lee admitted his relationship with the Yangs and Four Pillars and provided the Government with

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[1] Rheology is the study of adhesives.

materials documenting his activities since 1989. Lee also agreed to cooperate with the Government in a sting operation to arrest and prosecute the Yangs. A short time later, Yang told Lee that he would be in the United States during the summer of 1997. Lee volunteered that he had information on a new emulsion coating that he would provide Yang at that time and asked whether Yang might also be interested in information on Avery's operations in Asia. Yang was very interested.

On September 4, 1997, Lee met Yang and Sally in Lee's hotel room in Westlake, Ohio. Lee had consented to the FBI's videotaping this meeting. In the course of the meeting, Lee showed the Yangs documents provided by the FBI, including an Avery patent application relating to a new adhesive product. The documents bore "confidential" stamps and Lee emphasized to the Yangs that the information was the confidential property of Avery. Yang and Sally, at Yang's direction, began to tear off the "confidential" stamps. The Yangs discussed with Lee the information Lee had previously provided to Four Pillars. Following the meeting, the Yangs—with the confidential documents in their possession—were arrested by the FBI.

II. Analysis

A. The trade secret counts

18 U. S. C. §1832 provides:

> (a) Whoever, with intent to convert a trade secret, that is related to or included in a product that is produced for or placed in interstate or foreign commerce, to the economic benefit of anyone other than the owner thereof, and intending or knowing that the offense will, injure any owner of that trade secret, knowingly—
>
> > (1) steals, or without authorization appropriates, takes, carries away, or conceals, or by fraud, artifice, or deception obtains such information;

> (2) without authorization copies, duplicates, sketches, draws, photographs, downloads, uploads, alters, destroys, photocopies, replicates, transmits, delivers, sends, mails, communicates, or conveys such information;
>
> (3) receives, buys, or possesses such information, knowing the same to have been stolen or appropriated, obtained, or converted without authorization;
>
> (4) attempts to commit any offense described in paragraphs (1) through (3); or
>
> (5) conspires with one or more other persons to commit any offense described in paragraphs (1) through (3), and one or more of such persons do any act to effect the object of the conspiracy, shall, except as provided in subsection (b), be fined under this title or imprisoned not more than 10 years, or both.
>
> (b) Any organization that commits any offense described in subsection (a) shall be fined not more than $5,000,000.

The Defendants were found guilty of violating 18 U.S.C. § 1832(a)(4) and (5), based on their attempt and conspiracy to steal Avery's trade secret. On appeal the Defendants argue that the district court erred when it ruled that the Government did not have to prove that what the Defendants sought to steal was an actual trade secret. The Defendants contend that the district court's reliance on *United States v. Hsu,* 155 F.3d 189 (3d Cir. 1998), which held that legal impossibility is no defense to attempt and conspiracy charges, was error because *Hsu* was incorrectly decided.

We review de novo the district court's definition of the elements of the charged offense, the meaning attached to those elements, and the applicability of the defense of legal

impossibility. *United States v. Alvarez,* 266 F.3d 587, 592 (6th Cir. 2001).

In *Hsu,* the Third Circuit was faced with a claim nearly identical to that raised by the Yangs, namely, that it was legally impossible for the defendants to be guilty of attempting to steal a trade secret and conspiring to steal a trade secret because that which they were accused of attempting and conspiring to steal was not, as it turned out, an actual trade secret. This issue arose in the context of the defendants' claim that they were entitled to examine the trade secret documents in order to establish their defense of legal impossibility since, in their view, if those documents did not actually contain trade secrets then the defendants could not be guilty of attempting to steal trade secrets. Hsu was one of several individuals led to believe that a scientist employed by Bristol-Myers Squibb, who was secretly cooperating with the FBI, was willing to sell corporate secrets. *Id.* at 192. A meeting was arranged at which Hsu met with the scientist and personally reviewed and discussed with him Bristol-Myers documents that were clearly marked "CONFIDENTIAL." *Id.* at 192-93. Immediately thereafter, Hsu was arrested by the FBI. *Id.* at 193.

Hsu was charged with attempt and conspiracy to steal a trade secret under 18 U.S.C. § 1832. *Id.* at 197. He was not charged with the actual theft of a trade secret. *Id.* at 198. Hsu claimed that if that which he had sought to steal was not in fact a trade secret, it was legally impossible for him to be guilty of the offense of attempted theft of a trade secret. The Third Circuit rejected this defense. The court noted that virtually no other circuit continued to recognize the defense of legal impossibility, and that even in the Third Circuit the defense had been severely limited. In particular, the court reviewed its holding in *United States v. Everett,* 700 F.2d 900 (3d Cir. 1983), that legal impossibility is not a defense to the charge of attempted distribution of a controlled substance under 21 U.S.C. § 846. Consistent with the analysis in *Everett,* the Hsu Court reviewed the legislative history of the

EEA, particularly the comprehensive nature of the law's approach to the serious and growing economic threat presented by corporate espionage, and the fact that the law was drafted at a time when the defense of legal impossibility had been almost entirely abandoned. *Hsu*, 155 F.3d at 200-02. The court also observed that if it were to hold that legal impossibility is available as a defense to the charge of attempted theft of trade secrets, the anomalous result would be that the government would be compelled to use actual trade secrets in its sting operations and would be compelled to turn over those trade secrets to the persons charged with attempting to steal them. *Id.* at 202. Accordingly, the court concluded that legal impossibility is not a defense to a charge of attempted theft of trade secrets. Rather, the court held that:

> A defendant is guilty of attempting to misappropriate trade secrets if, "acting with the kind of culpability otherwise required for commission of the crime, he . . . purposely does or omits to do anything that, under the circumstances as he believes them to be, is an act or omission constituting a substantial step in a course of conduct planned to culminate in his commission of the crime."

Id. (quoting Model Penal Code § 5.01(1)(c) (1985)). Because the defendant's guilt turns on the "circumstances as he believes them to be," the court held that the government was not required to prove that what the defendant sought to steal was in fact a trade secret, but only that the defendant believed it to be one. *Id.* at 203.

Turning to the charge of conspiracy to steal trade secrets, the Third Circuit held that legal impossibility is not a defense to the charge of conspiracy to steal trade secrets. The court held that the basis of the conspiracy charge is the agreement to commit the unlawful act, and not the unlawful act itself. Therefore, because the "illegality of the agreement does not depend upon the achievement of its ends," and because it is "irrelevant that the ends of the conspiracy were

from the very inception of the agreement objectively unattainable," *id.* at 203 (quoting *United States v. Jannotti,* 673 F.2d 578, 591 (3d Cir. 1982) (en banc)), it is also irrelevant that it may have been objectively impossible for the conspirators to commit the substantive offense. *Id.* Accordingly, the court held that because legal impossibility is not a defense to the charge of conspiracy to steal trade secrets, the government was not required to prove that the information the defendants conspired to steal was in fact a trade secret.

We find persuasive the logic and reasoning of the Third Circuit. It is not necessary for us to delve into the question of whether a defense of legal impossibility is recognized at all in the Sixth Circuit, and indeed, we are aware of a handful of cases over the past decade in which we have at least acknowledged the possibility that there is such a defense. *See, e.g., United States v. Mise,* 240 F.3d 527, 530 (6th Cir. 2001); *United States v. Hixon,* 987 F.2d 1261, 1267 (6th Cir. 1993); *United States v. Peete,* 919 F.2d 1168, 1175-76 (6th Cir. 1990). Importantly, this circuit, like the Third Circuit, has definitively established in the context of the federal drug laws that impossibility is not a defense. In *United States v. Reeves,* 794 F.2d 1101 (6th Cir. 1986), we determined that in light of the congressional desire to enforce federal drug laws as fully as possible, the fact that the defendant did not actually possess or gain possession of cocaine (but instead possessed an innocuous substance) was irrelevant to the defendant's conviction for attempt to distribute and possess cocaine. This was because attempt requires that the government establish: (1) an intent to engage in criminal activity, and (2) the commission of an overt act constituting a substantial step towards the commission of the substantive offense. *Id.* at 1104. Since neither element required the completion of the substantive offense, or that the material object of the defendant's desires (cocaine or a sham substance) actually be illegal, we concluded that the defendant was guilty of attempted distribution and possession of cocaine. *Id.* at 1106.

Further, like the Third Circuit, this circuit maintains that congressional purpose gives meaning to the extent and reach of a statute. *See United States v. Barry,* 888 F.2d 1092, 1096-97 (6th Cir. 1990) (internal quotations and citation omitted) (noting that the "cardinal canon of statutory construction" is that statutes "should be interpreted harmoniously with their dominant legislative purpose"). Here, the purpose of the EEA was to provide a comprehensive tool for law enforcement personnel to use to fight theft of trade secrets. To follow the Yangs' reasoning and rule as they ask would eviscerate the effectiveness of the act. The government would be severely limited in its ability to use the assistance of people willing to cooperate to catch and convict thieves of trade secrets. In effect, the Yangs' position would, as the Third Circuit pointed out, force "the government to disclose trade secrets to the very persons suspected of trying to steal them, thus gutting enforcement efforts under the EEA." *Hsu*, 155 F.3d at 202.

Under the Model Penal Code a defendant is guilty of attempting to commit a criminal offense when he "purposely does or omits to do anything that, under the circumstances as he believes them to be, is an act or omission constituting a substantial step . . . planned to culminate in his commission of the crime." Model Penal Code § 5.01(1)(c). *See also Reeves,* 794 F.2d at 1104 ("In order to prove attempt, the government [must] . . . establish: (1) the intent to engage in criminal activity, and (2) the commission of one or more overt acts . . . towards the commission of the substantive offense."). The Yangs believed that the information Lee was providing was trade secrets belonging to Avery. They attempted to steal that information. The fact that they actually did not receive a trade secret is irrelevant. Since the Yangs intended to commit the crime and took a substantial step towards commission of the crime, they violated § 1832(a)(4). *United States v. Shelton,* 30 F.3d 702, 705 (6th Cir. 1994).

The Yangs' conspiracy to steal the trade secrets in violation of § 1832(a)(5) was completed when, with the intent

to steal the trade secrets, they agreed to meet with Lee in the hotel room and they took an overt act towards the completion of the crime, that is, when the Yangs went to the hotel room. The fact that the information they conspired to obtain was not what they believed it to be does not matter because the objective of the Yangs' agreement was to steal trade secrets, and they took an overt step toward achieving that objective. Conspiracy is nothing more than the parties to the conspiracy coming to a "mutual understanding to try to accomplish a common and unlawful plan," *United States v. Pearce,* 912 F.2d 159, 161 (6th Cir. 1990) (citation and internal quotations omitted), where at least one of the conspirators knowingly commits an overt act in pursuit of the conspiracy's objective. *United States v. Hamilton,* 263 F.3d 645, 652 (6th Cir. 2001). It is the mutual understanding or agreement itself that is criminal, and whether the object of the scheme actually is, as the parties believe it to be, unlawful is irrelevant.

In sum, we adopt the reasoning employed by the Third Circuit. We therefore affirm the district court's ruling that legal impossibility is not a defense to prosecution under § 1832(a)(4) and (5).[2]

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[2] After reviewing the record and briefs, we also reject the Defendants' variance and vagueness claims. The Defendants were indicted on charges of attempt to steal trade secrets and conspiracy to steal trade secrets. Neither the fact that those charges do not require that the targeted information was in fact trade secrets nor the Government's initial position that some of that information was in fact trade secrets varies the indictment. *See generally United States v. Miller,* 471 U.S. 130, 136-44 (1985) (overruling the proposition that a narrowing of the indictment constitutes an amendment rendering the indictment void, and holding that surplusage in the indictment is not a variance so long as the indictment clearly set out the crime and its elements).

We find no merit in the Defendants' claim that if 18 U.S.C. § 1832(c)(4) and (5) do not require that the information that is the subject of the attempt or conspiracy be actual trade secrets, the statute is unconstitutionally vague. As we pointed out recently in *United States v. Krumrei,* 258 F.3d 535 (6th Cir. 2001), a vagueness challenge to a statute that does not involve First Amendment rights must be examined in light of

B. Sentencing issues

The district court made a number of sentencing departures which are challenged on appeal. The district court departed downward fourteen levels in setting the adjusted offense level for each of the Defendants. The district court then departed upward and imposed the statutory maximum fine of $5,000,000.00 on Four Pillars. The district court later denied Four Pillars' motion for correction of sentence pursuant to Federal Rule of Criminal Procedure 35(c).

The Sentencing Guidelines, referencing 18 U.S.C. § 3553(b), permit a downward departure when "there exists an aggravating or mitigating circumstance . . . not adequately taken into consideration by the Sentencing Commission." U.S. Sentencing Guidelines Manual (USSG) § 5K2.0 (2001). We review for abuse of discretion the district court's departures from the recommended Guidelines sentence. *Koon v. United States,* 518 U.S. 81, 100 (1996). That standard includes review to ensure that the factors upon which the district court based its decision to depart are a permissible basis for departure—a question of law—since a district court abuses its discretion when it makes an error of law. *Id.* Because whether a factor is a permissible basis for departure is a question of law a reviewing court owes no deference to the sentencing court's resolution of that question. *Id.*

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the facts of the particular case, and a defendant cannot establish vagueness in an hypothetical setting. *Id.* at 537. Here, the Defendants complain that they cannot know that their conduct violates the statute unless they know that the information they seek to steal is in fact a trade secret. The standard for vagueness in a criminal statute is whether "it defines an offense in such a way that ordinary people cannot understand what is prohibited or if it encourages arbitrary or discriminatory enforcement." *Id.* at 536 (quoting *United States v. Avant,* 907 F.2d 623, 625 (6th Cir. 1990)). The statute clearly proscribes the attempt or conspiracy to steal trade secrets. We have every confidence that ordinary people seeking to steal information that they believe is a trade secret would understand that their conduct is proscribed by the statute.

In deciding whether to depart the sentencing court must determine whether the factors possibly warranting departure are forbidden, encouraged, or discouraged by the Sentencing Commission as factors upon which to base a departure. *United States v. Coleman,* 188 F.3d 354, 358 (6th Cir. 1999) (en banc). If the sentencing court determines that those factors are permissible and warrant a departure, the court must also provide a statement of reasons sufficiently detailed to permit review of the reasonableness of the departure in light of the grounds for it. *United States v. Crouse,* 145 F.3d 786, 789 (6th Cir. 1998).

The district court issued a memorandum opinion explaining the sentences. In that opinion, the court's primary justification of its fourteen point departure for each of the three Defendants was Avery's participation in the prosecution, about which the court said, "In my experience no victim has played a more direct role than Avery in prosecuting a criminal case . . . . With Avery's participation and the acquiescence of the Government, the criminal case has become a tool for Avery to seek vengeance instead of a pursuit of justice." The district court chastised Avery for "ha[ving] been an active participant in, and at times, even manipulated, the presentation of the Government's case to enhance its ability to recoup its losses," and for "attempting to control the sentence" through the calculation of the loss suffered as a result of the Defendants' activities. Other than Avery's providing to the Government the same loss evaluation experts Avery intended to use in the parallel civil case against the Yangs, however, the court pointed to no instances or examples of Avery's "manipulation" or "control" of the trial or the sentencing. Neither did the court provide any insight into how or why Avery's participation lessened the Defendants' culpability or the seriousness of their crime, or how Avery's participation in the prosecution in any way constituted an "aggravating or mitigating circumstance of a kind, or to a degree, not adequately taken into consideration by the Sentencing Commission." USSG § 5K2.0.

It is unlikely that in determining the applicable sentences for theft of trade secrets—or for any other offense, for that matter—the Sentencing Commission took into consideration the participation of the victim in the prosecution of the crime. Certainly it is not mentioned as a factor whose consideration is forbidden in determining whether to depart from the applicable Guidelines sentence. The reason for the omission is, we suspect, that the victim's participation in the prosecution is wholly irrelevant to either the defendant's guilt or the nature or extent of his sentence. While we do not dispute the Defendants' contention that *Coleman,* 188 F.3d at 358, prohibits the district court from categorically excluding any non-prohibited factor from consideration in determining whether to make a downward departure, we are also aware of the Supreme Court's reminder that:

> If a factor is unmentioned in the Guidelines, the court must, after considering the "structure and theory of both relevant individual guidelines and the Guidelines taken as a whole," decide whether it is sufficient to take the case out of the Guideline's heartland. The court must bear in mind the Commission's expectation that departures based on grounds not mentioned in the Guidelines will be "highly infrequent."

Koon, 518 U.S. at 96 (citations omitted). Consideration of the structure and theory of the Guidelines as a whole requires that the court look at the factors to be considered in imposing sentence, as set forth in 18 U.S.C. § 3553(a). None of those factors in any way implicates a consideration of the participation by the victim of the crime in the prosecution of the offender. The structure and theory of the Guidelines as a whole includes the provisions of 28 U.S.C. § 994, which lays out the duties of the Sentencing Commission. Subsections 994 (c) and (d) each lists factors to be considered by the Commission in establishing categories of offenses (§ 994(c)) and categories of defendants (§ 994(d)) for use in the Guidelines and policy statements. Those subsections mandate

that the Commission consider whether the listed factors, among others, "have any relevance to the nature, extent, place of service, or other incidents . . . of an appropriate sentence, and shall take them into account only to the extent that they do have relevance." 28 U.S.C. § 994(c)-(d). None of the factors in either subsection remotely implicates the participation of the victim in the prosecution of the offender. More importantly, however, those subsections make it clear that the factors the Commission is to consider must be relevant to the offense or the offender. The district court here has provided no explanation of how the victim's participation in the prosecution is in any way relevant to either the offense or the offenders.

The Supreme Court made it clear in *Koon* that the issue in sentencing departures is not "whether the particular factor is within the 'heartland' as a general proposition, but whether the particular factor is within the heartland given all the facts of the case." *Koon,* 518 U.S. at 99-100. The district court has provided no basis upon which we could conclude that Avery's participation in the prosecution of these Defendants takes this case outside the "heartland" of Guidelines cases. Accordingly, we conclude that the district court abused its discretion in departing downward on this basis.

Contrary to the Defendants' claims, the district court did not base its fourteen level downward departures on a series of "unquantifiable factors." The district court based its departures primarily on its perception that Avery had improperly participated in the prosecution of the offense and additionally on its concern that the Government had overcharged the Defendants, that the Defendants' conduct dating back to the inception of the scheme to steal Avery's confidential and proprietary information was not illegal at the time, and that the Government was using that conduct to enhance the Defendants' sentences. The participation of Avery in the prosecution of the Defendants we have already concluded is not relevant to the sentencing of these

Defendants and, at least in this case, is not a permissible basis for downward departure. The district court concedes in the sentencing order that the Defendants were not convicted on any of the counts that constituted overcharging. Finally, if the district court believed that the conduct in the counts on which the Defendants were acquitted and the pre-EEA theft of Avery's proprietary information was not relevant conduct and should not be considered in calculating the sentence, the court should have refused to consider it in arriving at the initial offense levels. Instead, however, the court expressly characterized that conduct as relevant conduct and included it in its calculations of loss as well as its determinations of more than minimal planning and role in the offense.[3] If that conduct was relevant for purposes of determining the offense levels and amount of loss, we are at a loss to understand how its consideration can at the same time be the basis for a downward departure.

We hold that the district court abused its discretion in departing downward fourteen levels for each of the Defendants. We note as well that, although the Presentence Reports contained mention of possible grounds for downward departure, the Reports did not mention any of the grounds that the district court in fact relied upon in making these very significant departures. The district court's failure to give notice of its intention to depart, we conclude, was error as well. *See Burns v. United* States, 501 U.S. 129, 135, n.4 (1991).

The district court, after departing downward fourteen levels to an adjusted offense level of six for Four Pillars, for which the fine would have been $5,000.00, *see* USSG § 8C2.4(d), or a maximum of $16,000.00, *see* USSG § 8C2.6, fined Four Pillars the statutory maximum $5,000,000.00. Citing USSG § 5E1.2(d)(1) and 5E1.2 cmt. n.4, the court

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[3] We note as well that the fourteen level downward departures lack the necessary findings to permit meaningful review of the reasonableness of the degree of the departures.

denied Four Pillars' motion to correct its sentence. The court stated summarily that the Guideline maximum was insufficient to punish, deter, prevent a windfall, and to reflect the seriousness of the crime.

The reasons offered by the district court for the extent of the upward departure are insufficient. As stated earlier, a district court when departing must cite to facts and circumstances that justify the extent of the departure. *Crouse*, 145 F.3d at 789. The size of the departure should correspond to the grounds for the departure. Here, the district court merely recited sections from the Guidelines and then concluded that $5,000,000.00 was the appropriate fine. Furthermore, we find it very difficult to reconcile the fourteen level downward departure in offense level with the upward departure necessitated by that downward departure in order to arrive at a fine that, in the district court's opinion, adequately accomplished the objectives of the Guidelines.

Accordingly, we will vacate the sentences of all Defendants and remand this matter to the district court for resentencing consistent with this opinion.

C. The remaining assignments of error

The Defendants, as alluded to above, assign as error a variety of the district court's orders entered during the course of the proceedings, including: (1) denial of a motion to suppress the video- and audiotapes of the hotel room meeting; (2) overruling of a *Batson* challenge to the composition of the jury; (3) denial of a motion to disallow contact between the prosecutors and witnesses; (4) denial of a motion for mistrial based on prosecutorial misconduct; and (5) denial of a motion for a new trial based on newly discovered evidence. The Defendants further claim that the district court plainly erred in its instruction to the jury on the meaning of "theft," and that the evidence is insufficient to support their convictions. As we explain below, we find no merit to these claims.

Sally Yang claims that denial of her motion to suppress the tapes made by the FBI of the Yangs' meeting with Lee in his hotel room was error. She contends that the taping was unconstitutional because the FBI did not obtain a warrant; further, she claims that because the tapes included some very brief periods when Lee was not in the room, the taping violated 18 U.S.C. § 2511(2)(c). We review for clear error the district court's factual determinations with regard to the motion to suppress; we review de novo the court's legal determinations. *United States v. Guimond,* 116 F.3d 166, 169 (6th Cir. 1997).

The FBI was not required to obtain a warrant because it had Lee's consent to videotape the meeting. *United States v. White,* 401 U.S. 745 (1971). The Yangs voluntarily came to the meeting with Lee and voluntarily talked with him in his hotel room. They had relinquished any "justifiable" expectation of privacy. *Id.* at 751-52 ("If the law gives no protection to the wrongdoer whose trusted accomplice is or becomes a police agent, neither should it protect him when that same agent has recorded or transmitted the conversations which are later offered in evidence to prove the State's case."). And we find no merit to Sally's claim that the entirety of the tapes must be suppressed because they contain brief periods when Lee was not in the room. The record establishes that the technicians taping the meeting were expressly instructed to tape only while Lee was in the room. The technicians erred. The record establishes that the prosecutors learned of this error and, without reviewing the tape, arranged for the unauthorized time periods to be redacted. The unredacted version was made available to the Defendants, but nothing from the unauthorized time period was ever utilized in the prosecution. Further, the district court, after an evidentiary hearing, concluded that the Government had not acted in bad faith. We find no error here.

The Yangs next claim that the Government exercised its peremptory challenges in a discriminatory manner in

violation of the Equal Protection Clause. *Batson v. Kentucky,* 476 U.S. 79 (1986). Specifically, the Yangs contend that because in exercising three peremptory challenges the Government excluded three women, two of whom were black, the Government was excluding jurors on the basis of race and gender. We review for clear error the factual findings upon which the district court based its ruling. *United States v. Tucker,* 90 F.3d 1135, 1142 (6th Cir. 1996).

To establish a violation under *Batson,* the defendant must make a prima facie case by showing that the Government removed jurors for a discriminatory reason. *J.E.B. v. Alabama ex rel T.B.*, 511 U.S. 127 (1994); *Batson,* 476 U.S. at 96. The burden of production then shifts to the Government to offer a race- (or gender-) neutral justification for its challenges. *Purkett v. Elem,* 514 U.S. 765, 767 (1995) (per curiam). At this stage, the Government's explanation need not be "persuasive, or even plausible," *id.* at 768; the explanation must simply be one in which discriminatory intent is not inherent. *Id.* The final step is for the trial court to determine whether the party challenging the peremptory strikes has proven purposeful discrimination. Here, the district court may decide to disbelieve an implausible or silly reason, but the burden is on the party challenging the strike to prove that it was motivated by discriminatory animus. *Id.* The final makeup of the jury is relevant to a finding of discrimination. *United States v. Sangineto-Miranda,* 859 F.2d 1501, 1520-21 (6th Cir. 1990).

In response to the Defendants' *Batson* challenge, the Government claimed that it struck one juror because of an apparent "attitude problem," a second because she was unemployed, and a third because she did not have the necessary background to be a juror. The district court found those explanations to be legitimate and race- and gender--neutral. Following this ruling, the Government did not use its remaining challenges and the final jury consisted of nine women and five men. We conclude that the reasons offered by the Government for its peremptory challenges do not

violate equal protection. *See id.* at 769. The Yangs showed neither purposeful discrimination nor that the Government's reasons were illogical. We find no error.

The Yangs argue that the district court erred when it denied their motion to prevent the prosecutors from having contact with the witnesses whom the prosecution was allegedly coaching. The grant or denial of such a motion is within the sound discretion of the district court. *United States v. DeJongh,* 937 F.2d 1, 3 (1st Cir. 1991) (citing *Geders v. United States,* 425 U.S. 80, 87 (1976)). The Yangs cross-examined the allegedly coached witnesses and commented on the alleged coaching to the jury in their closing arguments. *See United States v. Malik,* 800 F.2d 143, 149 (7th Cir. 1986) (finding that cross-examination and comment during closing is generally sufficient to dispel any ill effects caused by the coaching). After reviewing the record, we find that the district court did not abuse its discretion.

The Yangs further appeal the district court's denial of their motion for a mistrial based on prosecutorial misconduct. For example, the Yangs contend that a prosecutor attempted to improperly influence a juror by making eye-contact, smiling and nodding at the juror as she entered the room. The Yangs also assert that this juror was particularly receptive and attentive during the prosecution's closing argument, while unreceptive to the Defendants' closing arguments. Another instance of misconduct was said to have occurred when a prosecutor was making head gestures while the defense was examining a witness. Finally, the Yangs allege a number of examples of the prosecutors' vouching for and improperly bolstering witnesses' credibility, improperly commenting on the lack of evidence, and wrongfully attacking the defense counsel's character.

We review for abuse of discretion the district court's denial of a motion for mistrial. *United States v. Rigsby,* 45 F.3d 120, 125 (6th Cir. 1995). The district court denied the

Yangs' motions for mistrial and after extensive discussion, found that "this whole thing . . . has been blown out of proportion." The court therefore refused to hold a *Remmer* hearing. *See Remmer v. United States,* 347 U.S. 227 (1954). A *Remmer* hearing is not required unless the defendant can show that the unauthorized juror contact "created actual juror bias." *United States v. Frost,* 125 F.3d 346, 377 (6th Cir. 1997). The Yangs failed to offer evidence sufficient to support a finding that the alleged juror contact created the "obvious potential" to affect the verdict. We therefore reject their claim that the Government engaged in improper jury contact. *Id.*

Prosecutor comments and actions must be taken in context. *United States v. Bond,* 22 F.3d 662, 667-68 (6th Cir. 1994). Alleged misconduct that is not flagrant seldom constitutes reversible error. *United States v. Brown,* 66 F.3d 124, 127-28 (6th Cir. 1995). Prosecutorial conduct is flagrant if it tends to mislead a jury or prejudice the defendant, if the comments were extensive and not isolated, and if the comments were deliberate. *Id.* at 127. If conduct is not flagrant this court will not reverse unless "(1) the proof against the defendant was not overwhelming, (2) opposing counsel objected to the conduct, *and* (3) the district court failed to give a curative instruction." *Id.* (emphasis added).

After thoroughly reviewing the records, the parties' briefs, and the district court's rulings this court does not find that the district court abused its discretion. On numerous occasions, the court reminded the jury, in response to the Yangs' objections, that the jury could consider only the evidence in the record and could not consider as evidence what the attorneys said. Even assuming the comments objected to were improper, they were not flagrant and certainly did not prejudice the trial. *See Bond*, 22 F.3d at 667 (ruling that prosecutor statements do not merit reversal of the district court unless they permeate the entire trial making it unfair). The comments at issue here were isolated and inadvertent common usages. Taken in context, with the

overwhelming proof of the Yangs' guilt, and the court's instruction, the comments do not require a new trial.

The Defendants also moved for a new trial based on newly discovered evidence of Lee's admission in a civil deposition that he had altered a document he had authenticated for the Yangs' criminal trial, and that Lee suffered from mental health problems. After his arrest, Lee either began or continued to suffer from mental health problems. He visited a doctor and went to counseling for his difficulty in coping with the change in his circumstances caused by his arrest. As part of his cooperation with the FBI, Lee had given the Government all of his files, including his correspondence with the Yangs. Some of the documents Lee gave to the FBI were incomplete because Lee had removed pages that tended to incriminate him. During trial Lee authenticated some of the incomplete documents that he had given the Government. Later, Lee admitted in a related civil trial that he had excised portions of the letters. The Yangs, however, had copies of the original, unaltered, letters from Lee because Lee had mailed those letters to the Yangs years earlier.

The district court held a hearing on the Yangs' claims and concluded that, as to the changed documents, the evidence withheld by Lee was not newly discovered, since with due diligence the Yangs could have found the originals in their own records; it related to fraud counts on which the Defendants had been acquitted, but was not material to the trade secret counts and was not likely to produce an acquittal. The court further concluded that evidence of Lee's mental problems would not have changed the outcome of the trial, the mental health records contained no exculpatory information, and absence of the evidence did not affect the fairness or integrity of the trial. The court ruled that the Government had committed no *Brady* violation and that a new trial was not warranted.

We review for abuse of discretion the district court's denial of a motion for new trial. *United States v. Davis,* 15 F.3d 526, 531 (6th Cir. 1994). To prevail on appeal the Yangs must show that: "(1) the new evidence was discovered after the trial; (2) the evidence could not have been discovered earlier with due diligence; (3) the evidence is material and not merely cumulative or impeaching; and (4) the evidence would likely produce acquittal." *United States v. Seago,* 930 F.2d 482, 488 (6th Cir. 1991). We are satisfied that the district court did not abuse its discretion. The district court properly found that the evidence redacted by Lee from the letters, highlighting his criminal involvement, was not material to the Defendants' convictions. Further, the court rightly concluded, in light of the large volume of evidence of guilt and Lee's already largely discredited testimony, that the excised portions of the letters would simply be cumulative and further impeach Lee's credibility. With reference to Lee's medical history, since there was no "reasonable probability that, had the evidence been disclosed to the defense, the result of the proceeding would have been different," the district court properly denied the Yangs' motion for a new trial. *Kyles v. Whitley,* 514 U.S. 419, 433-34 (1995) (internal quotations and citation omitted).

The Defendants raised no objection at trial to the court's jury instruction on the meaning of "steal." We therefore review this claim for plain error. *United States v. King,* 169 F.3d 1035, 1040 (6th Cir. 1999). "An instruction is not plainly erroneous unless there was 'an egregious error, one that directly leads to a miscarriage of justice.'" *Id.* (quoting *United States v. Busacca,* 863 F.2d 433, 435 (6th Cir. 1988)). We find no plain error. Taken as a whole, the jury instructions fairly and adequately instructed the jury on the issues and the applicable law, and therefore, if there was any error in this particular instruction, it did not lead to a miscarriage of justice.

Finally, the Defendants assert that there was insufficient evidence to support their convictions. First, the

Defendants claim that the proofs did not establish that the trade secret in question, the Avery patent application, was related to interstate commerce as is required by § 1832(a). Second, Sally Yang contends that as to her, there was insufficient evidence that she knowingly joined a conspiracy or attempted to steal a trade secret.

We review claims of insufficient evidence to determine whether, taking the evidence in the light most favorable to the prosecution, any reasonable trier of fact could have found the essential elements of the crime beyond a reasonable doubt. *United States v. Prince,* 214 F.3d 740, 746 (6th Cir. 2000). We hold that the interstate commerce nexus is sufficiently established in the record. Section 1832(a) requires that the trade secret in question be "related to or included in a product that is produced for or placed in interstate or foreign commerce." The patent application given by Lee to the Yangs involved an Avery product generating sales of $75-$100 million the previous year, and related to products produced and sold in at least the United States and Canada. Taken as a whole, the testimony was sufficient to permit a reasonable juror to find that Avery is an international company with sales across the world of the product to which the patent application was attached.[4]

Sally's claim that she was not knowingly involved in a conspiracy cannot withstand the evidence in the record that she had, on numerous occasions, received confidential information from Lee and that she gave Lee payment for his services. A jury could permissibly conclude from this evidence, combined with her actions in the hotel room, that she was knowingly involved in the conspiracy to steal Avery's trade secrets. The claims of insufficient evidence are without merit.

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[4] This is a permissible inference the jury could have made considering the testimony of witnesses that Avery had sought patents in Europe for the product at issue here.

CONCLUSION

For all of the reasons set out above, we AFFIRM the judgments of conviction; we VACATE the sentence of each of the Defendants and REMAND for resentencing consistent with this opinion.

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

Nos. 00-3125/3126/3150

United States of America (00-3150),

Plaintiff-Appellee/Cross Appellant,

v.

Pin Yen Yang, a/k/a P. Y. Yang, a/k/a P. Y. Young; Four Pillars Enterprise Company, Ltd. (00-3125); Hwei Chen Yang, a/k/a Huen Chan Yang, a/k/a Sally Yang, a/k/a Sally Young (00-3126),

Defendants-Appellants/Cross Appellees.

Appeal from the United States District Court
for the Northern District of Ohio at Youngstown.
No. 97-00288—Peter C. Economus, District Judge.

Before: BATCHELDER and MOORE, Circuit Judges;
BERTELSMAN, District Judge.

Filed February 20, 2002

JUDGMENT

On Appeal from the United States District Court
for the Northern District of Ohio at Youngstown.

THIS CAUSE was heard on the record from the district court and was argued by counsel.

IN CONSIDERATION WHEREOF, it is ORDERED that the judgments of conviction are AFFIRMED. IT IS FURTHER ORDERED that the sentence of each of the Defendants is VACATED and the case is REMANDED for resentencing consistent with the opinion of this court.

ENTERED BY ORDER OF THE COURT

/s/_____
Leonard Green, Clerk

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF OHIO

Filed March 18, 1999

UNITED STATES OF AMERICA,

PLAINTIFF

v.

PIN YEN YANG, et al.,

DEFENDANTS

CASE NO. 1:97 CR 288

JUDGE PETER C. ECONOMUS

MEMORANDUM OPINION AND ORDER

This matter is before the Court upon the Joint Motion to Dismiss Counts 20 and 21 of the Indictment, or in the Alternative, to Suppress the Admission into Evidence of Those Documents which were Employed During the Government's Covert Operation on September 4, 1997. (Dkt. No. 62). For the following reasons, Defendants'motion is **DENIED**.

FACTS

In November 1996, the Federal Bureau of Investigation ("FBI") began investigating whether Dr. Victor Lee, an assistant for Avery-Dennison ("Avery"), had entered into an illicit agreement with Defendants to provide them with confidential and proprietary information belonging to Avery in exchange for cash, travel, and other expenses. In

March, 1997, Lee admitted to this agreement and agreed to cooperate with the FBI.

Pursuant to this agreement, Lee participated in telephone conversations with Defendants which he either recorded or permitted the FBI to record. During the course of these conversations, P. Y. Yang agreed to meet with Lee in the United States in September, 1997 in order for Lee to provide him with information belonging to Avery. Lee consented to having the FBI videotape the meeting.

On September 4, 1997, Defendants entered a hotel room in the Westlake Holiday Inn in Westlake, Ohio to meet with Lee. Several FBI agents, including the case agent, S.A. Michael Bartholomew, monitored the meeting from another room with the aid of a translator.

During the course of the meeting, Lee provided the Avery trade secret information alleged in the Indictment—a confidential and proprietary patent application for a new emulsion adhesive owned by Avery—along with other documents to Defendants. Allegedly, Defendants reviewed the information during the meeting and, with a pocket knife, cut out markings indicating that such material was the confidential property of Avery. Defendants took the trade secret information with them and were arrested at the Cleveland Hopkins Airport.

ANALYSIS

A. Trade Secret Protection of Avery's Disclosed Information

Defendants argue that in the process of preparing for the "sting" operation at the Westlake Holiday Inn, Avery publicly disclosed the alleged trade secret information to Lee, the FBI and the United States Department of Justice thereby extinguishing the "trade secret" status that the patent application enjoyed. In support of this argument, Defendants point to the fact that no one from the government ever entered

into a confidentiality agreement with Avery regarding the patent application, and that Lee was no longer an employee of Avery and thus, no longer subject to any confidentiality agreements.[1] Therefore, since the information that Defendants allegedly attempted to steal was no longer a trade secret, it is legally impossible for Defendants to be proved guilty of attempted theft of trade secrets under 18 U.S.C. § 1832(a)(4), or conspiracy to steal trade secrets under 18 U.S.C. § 1832(a)(5).

In response, the government contends that it expressly represented to Avery that it would keep Avery's trade secret information confidential and that it would use such information only for the purposes of the criminal investigation and prosecution of this case. Moreover, due to his Settlement Agreement with Avery, Lee was under a specific contractual obligation with Avery not to disclose any of Avery's trade secret information.

Defendants' argument heavily relies upon two cases in which trade secret information was disclosed to the government. In *Secure Services Technology, Inc. v. Time and Space Processing, Inc.*, 722 F. Supp. 1354 (E.D. Va. 1989), the issue was whether the plaintiff, Secure Services Technology, Inc. ("Secure") could bring a civil action against the defendant for misappropriation of trade secrets that related to classified fax machines sold to the government. The government had provided one of the machines made by Secure to the defendant so that the defendant could make its machines interoperable with the government's existing Secure machines. The District Court ruled that when the plaintiff sold the machine to the government, it purported to sell "all right, title and interest," and had not provided any notification

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[1] Defendants also argue that neither the Economic Espionage Act ("EEA") nor any other federal statute implies a duty of confidentiality upon the government.

to the government that the fax machines included proprietary information.

In *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986 (1984), the plaintiff claimed that the Environmental Protection Agency's ("EPA") use of data submitted by the defendant in evaluating the EPA filings of other companies amounted to a "taking" of the defendant's property. The *Monsanto* Court stated that two of the questions it was being called upon to resolve were: "(1) Does Monsanto have a property interest protected by the Fifth Amendment's Taking Clause in the . . . data it has submitted to EPA? (2) If so, does EPA's use of the data to evaluate the applications of others or EPA's disclosure of the data to qualified members of the public effect a taking of that property interest?" *Id.* at 1000. Simply stated, the *Monsanto* case deals primarily with issues regarding the Takings Clause.

The *Secure* and *Monsanto* cases are clearly distinguishable from the case at bar in that neither of the aforementioned cases deal with whether the disclosure of information to the government during an investigation and prosecution of a criminal case eliminates a company's right to claim trade secret status for such information. In *United States v. Kai-Lo Hsu*, 155 F.3d 189 (3d Cir. 1998), the Third Circuit, in dealing with the same issue, turned to the language of 18 U.S.C. § 1835 for guidance which states that a court:

> shall enter such orders and take such other action as may be necessary and appropriate to preserve the confidentiality of trade secrets, consistent with the requirements of the Federal Rules of Criminal and Civil Procedure, the Federal Rules of Evidence, and all other applicable laws, An interlocutory appeal by the United States shall lie from a decision or order of a district court authorizing or directing the disclosure of any trade secret.

The Third Circuit held that this language represents "a clear indication from Congress that trade secrets are to be protected to the fullest extent during EEA litigation." *Id.* at 197. Accordingly, given the representations made by the government, Lee's Settlement Agreement with Avery, and the language of § 1835, the information used in the September 4, 1997, meeting has not been disclosed to the public and is, therefore, still a "trade secret."

Even if this Court were to find that the information Defendants attempted to obtain during the September 4, 1997, meeting had lost its "trade secret" status, neither conspiracy nor attempt to violate the EEA requires proof that the information sought to be obtained was actually a trade secret. The government need only demonstrate that Defendants believed that the information they attempted to acquire was a trade secret.

In *Hsu*, the Third Circuit held that "the government need not prove that an actual trade secret was used during an EEA investigation, because a defendant's culpability for a charge of attempt depends only on 'the circumstances as he believes them to be,' not as they really are." *Id.* at 203. The *Hsu* court determined that although legal impossibility can be a defense[2] to attempt crimes, it cannot be raised as "a defense to a charge of attempted misappropriation of trade secrets in violation of 18 U.S.C. § 1832(a)(4)." *Id.* at 202. The *Hsu* court further held that legal impossibility cannot be a defense to conspiracy charges. *Id.* at 203.

Therefore, this Court finds that Defendants' arguments to dismiss Counts 20 & 21 of the Indictment, or in the alternative, to suppress the admission of the documents

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[2] The Third Circuit also acknowledged that it is the *only* remaining circuit that continues to recognize a common law defense of legal impossibility. *Hsu* at 199-200 (emphasis added).

used in the "sting" operation are meritless. As such, Defendants' motion is **DENIED**.

IT IS SO ORDERED.

/s/ Peter C. Economus
PETER C. ECONOMUS
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
Northern District of Ohio

UNITED STATES OF AMERICA

v. Case Number 1:97-CR-288-3

Four Pillars Enterprise Co., LTD,
Defendant.

JUDGMENT IN A CRIMINAL CASE
(For Offenses Committed On or After November 1, 1987)

The defendant, Four Pillars Enterprise Co., LTD, was represented by counsel Eric Dubelier and Nancy Luque.

On April 28, 1999, a jury found the defendant guilty of Counts 20 and 21. The jury found the defendant not guilty of count 7. Accordingly, the defendant is adjudged guilty of such count(s), involving the following offense(s):

Title & Section	Nature of Offense	Date Offense Concluded	Count Number(s)
18 USC 1832(a)(5)	Conspiracy to Steal Trade Secrets, a Class C Felony	9/4/97	20
18 U.S.C. 1832(a)(4)	Attempted Theft of a Trade Secret, a Class C Felony	9/4/97	21

As pronounced on January 5, 2000, the defendant is sentenced as provided in pages 2 through 4 of this Judgment.

The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

It is ordered that the defendant shall pay to the United States a special assessment of $400.00, for count(s) 20 and 21, which shall be due immediately.

It is further ordered that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this Judgment are fully paid.

Signed this the 6th day of January, 2000.

/s/ Peter C. Economus
United States District Judge

Federal Employer ID: 11222009
Defendant's SSAN: Not applicable
Defendant's Date of Birth: Not applicable
Defendant's address: Attn: Nancy Luque, 1301 K. Street, NW., Suite 1100, East Tower, Washington, D.C. 20005-3317

PROBATION

The defendant shall be on probation for a term of 1 year. This term consists of a term of 1 year on each Count, such term to run concurrently.

While on probation, the defendant shall not commit another federal, state, or local crime; shall not illegally possess a controlled substance; shall comply with the standard conditions that have been adopted by this court (set forth below); and shall comply with the following additional conditions:

1. If this judgment imposes a fine, special assessment, costs, or restitution obligation, it shall be a condition of probation that the defendant pay any such fine, assessments, costs, and restitution that remain unpaid at the commencement of the term of probation.
2. The defendant shall not own or possess a firearm or destructive device.
3. The defendant shall not illegally possess a controlled substance.
4. The defendant shall provide the Probation Officer with access to any requested financial information.

STANDARD CONDITIONS OF PROBATION

While the defendant is on probation pursuant to this Judgment:

1) The defendant shall not leave the judicial district without the permission of the court or probation officer.
2) The defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month.
3) The defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer.

4) The defendant shall support his or her dependents and meet other family responsibilities.

5) The defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons.

6) The defendant shall notify the probation officer within seventy-two hours of any change in residence or employment.

7) The defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute or administer any narcotic or other controlled substance, or any paraphernalia related to such substances.

8) The defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered.

9) The defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer.

10) The defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer.

11) The defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer.

12) The defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court.

13) As directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to

confirm the defendant's compliance with such notification requirement.

FINE

The defendant shall pay a fine of $5,000,000.00 within 6 months of the date of this Judgment. The payment is payable to the Clerk of Court.

STATEMENT OF REASONS

The court adopts the factual findings and guideline application in the presentence report except as noted below.

Guideline Range Determined by the Court:

Total Offense Level:	6
Criminal History Category:	Not Applicable
Imprisonment Range:	Not Applicable
Supervised Release Range:	Not Applicable
Probation:	1 to 5 years (1 year)
Fine Range:	$5,000,000 ($5,000,000.00)
Restitution:	Not Applicable

UNITED STATES DISTRICT COURT
Northern District of Ohio

UNITED STATES OF AMERICA

v. Case Number 1:97-CR-288-1

Pin Yen Yang, aka P.Y. Yang, aka P.Y. Young,
Defendant.

JUDGMENT IN A CRIMINAL CASE
(For Offenses Committed On or After November 1, 1987)

The defendant, Pin Yen Yang, aka P.Y. Yang, aka P.Y. Young, was represented by counsel Eric Dubelier and Nancy Luque.

On April 28, 1999, a jury found the defendant guilty of Counts 20 and 21. The jury found the defendant not guilty of count 7. Accordingly, the defendant is adjudged guilty of such count(s), involving the following offense(s):

Title & Section	Nature of Offense	Date Offense Concluded	Count Number(s)
18 USC 1832(a)(5)	Conspiracy to Steal Trade Secrets, a Class C Felony	9/4/97	20
18 USC 1832(a)(4)	Attempted Theft of a Trade Secret, a Class C Felony	9/4/97	21

As pronounced on January 5, 2000, the defendant is sentenced as provided in pages 2 through 4 of this Judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

It is ordered that the defendant shall pay to the United States a special assessment of $200.00, for count(s) 20 and 21, which shall be due immediately.

It is further ordered that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this Judgment are fully paid.

Signed this the 6th day of January, 2000.

/s/ Peter C. Economus
United States District Judge

Defendant's SSAN: Not applicable
Defendant's Date of Birth: 11/8/26
Defendant's address: 955 West St. Clair, Apt. 1616, Cleveland, OH 44114

PROBATION

The defendant shall be on probation for a term of 2 years. This term consists of a term of 2 years on each Count, such term to run concurrently.

While on probation, the defendant shall not commit another federal, state, or local crime; shall not illegally possess a controlled substance; shall comply with the standard conditions that have been adopted by this court (set forth below); and shall comply with the following additional conditions:

1. Defendant is to participate in the Home Confinement program with electronic monitoring for a period of 6 months to commence within 30 days of the date of this Judgment Order. Defendant will be required to remain in his place of residence, unless given written permission in advance by the Probation Officer to be elsewhere. Defendant may leave his residence to receive medical treatment, and to participate in the Earned Leave program of the Probation Office under terms set by the Probation Officer. Defendant shall wear an electronic monitoring device and follow electronic monitoring procedures specified by the Probation Officer. The defendant shall participate in the Earned Leave Program under terms set by the Probation Officer. The defendant shall pay the cost of Home Confinement to be made as directed by the Supervising Home Confinement Officer. The current cost is $4.35 per day.
2. If this judgment imposes a fine, special assessment, costs, or restitution obligation, it shall be a condition of probation that the defendant pay any such fine, assessments, costs, and restitution that remain unpaid at the commencement of the term of probation.
3. The defendant shall not own or possess a firearm or destructive device.

4. The defendant shall not illegally possess a controlled substance.

5. The defendant shall provide the Probation Officer with access to any requested financial information.

6. Based upon available information mandatory drug testing is waived for the defendant.

7. The defendant is permitted to return to Taiwan upon payment of the fine, special assessment, and completion of home confinement. Upon returning to Taiwan the balance of defendant's term of supervision will be placed on inactive status. During the remainder of your term of supervision, if defendant returns to the U.S., defendant must report to the nearest probation office within 72 hours.

STANDARD CONDITIONS OF PROBATION

While the defendant is on probation pursuant to this Judgment:

1) The defendant shall not leave the judicial district without the permission of the court or probation officer.

2) The defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month.

3) The defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer.

4) The defendant shall support his or her dependents and meet other family responsibilities.

5) The defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons.

6) The defendant shall notify the probation officer within seventy-two hours of any change in residence or employment.

7) The defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute or administer any narcotic or other controlled substance, or any paraphernalia related to such substances.

8) The defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered.

9) The defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer.

10) The defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer.

11) The defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer.

12) The defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court.

13) As directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

FINE

The defendant shall pay the maximum statutory fine of $250,000.00 within the 6 month period of his home

confinement with electronic monitoring. The payment is payable to the Clerk of Court.

STATEMENT OF REASONS

The court adopts the factual findings and guideline application in the presentence report except as noted below.

Guideline Range Determined by the Court:

Total Offense Level:	10
Criminal History Category:	I
Imprisonment Range:	6 to 12 months (None)
Supervised Release Range:	N/A
Probation:	1 to 5 years (3 years)
Fine Range:	$2,000.00 to $20,000.00 ($250,000.00)
Restitution:	N/A

UNITED STATES DISTRICT COURT
Northern District of Ohio

UNITED STATES OF AMERICA

v. Case Number 1:97-CR-288-2

Hwei-Chen Yang, aka Huen-Chan Yang, aka Sally Yang, aka Sally Young,
Defendant.

JUDGMENT IN A CRIMINAL CASE
(For Offenses Committed On or After November 1, 1987)

The defendant, Hwei-Chen Yang, aka Huen-Chan Yang, aka Sally Yang, aka Sally Young, was represented by counsel Ralph Cascarilla and Darrell Clay.

On April 28, 1999, a jury found the defendant guilty of Counts 20 and 21. The jury found the defendant not guilty of count 7. Accordingly, the defendant is adjudged guilty of such count(s), involving the following offense(s):

Title & Section	Nature of Offense	Date Offense Concluded	Count Number(s)
18 USC 1832(a)(5)	Conspiracy to Steal Trade Secrets, a Class C Felony	9/4/97	20
18 USC 1832(a)(4)	Attempted Theft of Trade Secret, a Class C Felony	9/4/97	21

As pronounced on January 5, 2000, the defendant is sentenced as provided in pages 2 through 4 of this Judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

It is ordered that the defendant shall pay to the United States a special assessment of $200.00, for count(s) 20 and 21, which shall be due immediately.

It is further ordered that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this Judgment are fully paid.

Signed this the 6th day of January, 2000.

/s/ Peter C. Economus
United States District Judge

Defendant's SSAN: 522-37-4269
Defendant's Date of Birth: 8/15/58
Defendant's address: 955 West St. Clair, Apt. 1616,
Cleveland, OH 44114

PROBATION

The defendant shall be on probation for a term of 1 year. This term consists of a term of 1 year on each Count, such term to run concurrently.

While on probation, the defendant shall not commit another federal, state, or local crime; shall not illegally possess a controlled substance; shall comply with the standard conditions that have been adopted by this court (set forth below); and shall comply with the following additional conditions:

1. If this judgment imposes a fine, special assessment, costs, or restitution obligation, it shall be a condition of probation that the defendant pay any such fine, assessments, costs, and restitution that remain unpaid at the commencement of the term of probation.
2. The defendant shall not own or possess a firearm or destructive device.
3. The defendant shall not illegally possess a controlled substance.
4. The defendant shall provide the Probation Officer with access to any requested financial information.
5. Based upon available information mandatory drug testing is waived for the defendant.
6. The defendant is permitted to return to Taiwan upon payment of the fine, special assessment, and completion of home confinement. Upon returning to Taiwan the balance of defendant's term of supervision will be placed on inactive status. During the remainder of your term of supervision, if defendant returns to the U.S., defendant must report to the nearest probation office within 72 hours.

STANDARD CONDITIONS OF PROBATION

While the defendant is on probation pursuant to this Judgment:

1) The defendant shall not leave the judicial district without the permission of the court or probation officer.

2) The defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month.

3) The defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer.

4) The defendant shall support his or her dependents and meet other family responsibilities.

5) The defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons.

6) The defendant shall notify the probation officer within seventy-two hours of any change in residence or employment.

7) The defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute or administer any narcotic or other controlled substance, or any paraphernalia related to such substances.

8) The defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered.

9) The defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer.

10) The defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer.

11) The defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer.

12) The defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court.

13) As directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

FINE

The defendant shall pay a fine of $5,000.00 within 60 days of the date of this Judgment. The payment is payable to the Clerk of Court.

STATEMENT OF REASONS

The court adopts the factual findings and guideline application in the presentence report except as noted below.

Guideline Range Determined by the Court:

Total Offense Level:	3
Criminal History Category:	I
Imprisonment Range:	0 to 6 months (None)
Supervised Release Range:	N/A
Probation:	not more than 3 years (1 year)
Fine Range:	$100 to $5,000.00 ($5,000.00)
Restitution:	

00-3125/3126/3150

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT
Filed April 10, 2002

UNITED STATES OF AMERICA,

Plaintiff-Appellee/Cross-Appellant,

v.

PIN YEN YANG, ALSO KNOWN AS P. Y. YANG, ALSO KNOWN AS P. Y. YOUNG, ET AL.,

Defendants-Appellants/Cross-Appellees.

ORDER

BEFORE: BATCHELDER and MOORE, Circuit Judges; and BERTELSMAN, District Judge.

The court having received a petition for rehearing en banc, and the petition having been circulated not only to the original panel members but also to all other active judges of this court, and no judge of this court having requested a vote on the suggestion for rehearing en banc, the petition for rehearing has been referred to the original panel.

The panel has further reviewed the petition for rehearing and concludes, that the issues raised in the petition were fully considered upon the original submission and decision of the cases. Accordingly, the petition is denied.

ENTERED BY ORDER OF THE COURT
/s/
Leonard Green, Clerk

* Hon. William O. Bertelsman, Senior United States District Judge for the Eastern District of Kentucky, sitting by designation.

Supreme Court, U.S.
FILED
OCT 28 2002
OFFICE OF THE CLERK

No. 02-136

In the Supreme Court of the United States

PIN YEN YANG, FOUR PILLARS ENTERPRISE CO., LTD., AND HWEI-CHEN YANG, PETITIONERS

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF FOR THE UNITED STATES

THEODORE B. OLSON
Solicitor General
Counsel of Record
MICHAEL CHERTOFF
Assistant Attorney General
KIRBY A. HELLER
Attorney
Department of Justice
Washington, D.C. 20530-0001
(202) 514-2217

QUESTION PRESENTED

Whether the government must prove that the defendants conspired to steal actual trade secrets under the Economic Espionage Act of 1996, 18 U.S.C. 1832(a)(5).

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In the Supreme Court of the United States

No. 02-136

PIN YEN YANG, FOUR PILLARS ENTERPRISE CO., LTD., AND HWEI-CHEN YANG, PETITIONERS

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF FOR THE UNITED STATES

OPINION BELOW

The opinion of the court of appeals (Pet. App. 1a-25a) is reported at 281 F.3d 534.

JURISDICTION

The judgement of the court of appeals was entered on February 20, 2002. A petition for rehearing was denied on April 10, 2002. On July 8, 2002, Justice Stevens extended the time within which to file a petition for writ of certiorari to and including August 7, 2002, and the petition was filed on July 25, 2002. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

Following a jury trial in the United States District Court for the Northern District of Ohio, petitioners were convicted of conspiring to steal a trade secret and attempting to receive a trade secret, in violation of 18 U.S.C. 1832(a)(5) and (4) (counts 20 and 21). At sentencing, the district court granted downward departures to petitioner Pin Yen Yang (Yang) and petitioner Hwei-Chen Yang (Sally Yang), and imposed an upward departure on petitioner Four Pillars Enterprise Co., Inc. (Four Pillars). The court sentenced Yang to two years' probation, six months of home confinement in lieu of imprisonment, and a $250,000 fine. Sally Yang was sentenced to one year's probation and a $5000 fine. Four Pillars was ordered to pay a fine of $5 million. Pet. App. 34a-49a. The court of appeals affirmed the convictions but reversed the sentences on the ground that the district court had abused its discretion in granting Yang and Sally Yang the downward departures and had failed adequately to explain the upward departure imposed on Four Pillars. The court therefore remanded for resentencing. Pet. App. 25a.

1. Four Pillars, a Taiwanese company, manufactured and marketed pressure-sensitive tapes. Yang owned Four Pillars, and petitioner Sally Yang, his daughter, was a scientist and supervisor at the company. Avery Dennison Inc., an American company, competed with Four Pillars in the manufacture of adhesive tapes and labels. Pet. App. 4a; Gov't C.A. Br. 1.

Dr. Victor Lee was a scientist involved in researching adhesives at Avery. During an eight-year period, Lee illegally disclosed confidential information to Four Pillars' executives and scientists. The scheme began in 1989, when Lee made a presentation at Four Pillars and

met with Yang and Sally Yang. Yang and Lee met privately, and Yang told Lee that he wished to strengthen Four Pillars' label business and that Lee could teach them what he knew. For his services as a "consultant," Yang offered Lee $25,000 per year. The parties agreed that the relationship would remain secret. Pet. App. 4a; Gov't C.A. Br. 1-3.

For the next several years, Lee provided confidential information, including formulas for adhesives and reports about rheology (the study of adhesives), to petitioners. In addition, Lee used Avery machines to test Four Pillars' adhesives and provided reports comparing those products to Avery products. Pet. App. 4a.

In 1997, agents with the Federal Bureau of Investigation suspected that Lee was providing confidential information to petitioners and confronted him with their suspicions. Lee agreed to cooperate and taped several telephone conversations with Yang and Sally Yang. During those conversations, including at least one initiated by Yang, petitioners continued to ask for Lee's help in solving Four Pillars' production problems. Pet. App. 4a; Gov't C.A. Br. 5; C.A. App. 1933.

During one of the telephone conversations, Yang told Lee that he would be visiting the United States during the summer of 1997, and Lee told him that he had information about a new emulsion coating that he would provide Yang during his visit. Lee also asked Yang whether he was interested in information on Avery's plans in the Far East, and Yang stated that he was. Pet. App. 5a.

On September 4, 1997, Lee met with Yang and Sally Yang in a hotel room, and FBI agents videotaped the meeting. Lee brought several documents to the meeting, including a document labeled as a patent application with a "confidential" stamp on it. During the meet-

ing, Lee gave the materials to Yang, emphasizing that the patent application was a confidential Avery document relating to a new adhesive product. Yang pointed to the "confidential" stamp on the document and instructed Sally Yang to cut that stamp off. The three also discussed the "treasure box" of materials that Lee had provided petitioners over the years. Following the meeting, Yang and Sally Yang were arrested. Yang had in his suitcase the patent application and other Avery documents that he had obtained from Lee, with the "confidential" markings removed. Pet. App. 5a; Gov't C.A. Br. 6-7.

2. Petitioners were charged in a 21-count indictment with 13 counts of mail and wire fraud, in violation of 18 U.S.C. 1341 and 1343; three counts of money laundering, in violation of 18 U.S.C. 1956(a)(2)(A); one count of conspiring to launder money, in violation of 18 U.S.C. 1956(h); three counts of possession of stolen goods, in violation of 18 U.S.C. 2315; one count of conspiring to steal a trade secret, in violation of 18 U.S.C. 1832 (a)(5); and one count of attempting to steal a trade secret, in violation of 18 U.S.C. 1832(a)(4). C.A. App. 73-99. The two trade secret counts specified that the trade secret was a "confidential and proprietary patent application for a new emulsion adhesive, owned by Avery," *id.* at 97, 99, and the conspiracy count charged the time period "from on or about August 31, 1997," *id.* at 97.[1]

The court granted the government's motion to dismiss several of the mail and wire fraud counts and a money laundering count before the close of the government's case. The court later granted judgments of

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[1] The Economic Espionage Act of 1996, which included the trade secret provisions at issue here, was enacted in October 1996. Pub. L. No. 104-294, Tit. I, § 101(a), 110 Stat. 3489.

acquittal on all but one mail fraud count and the counts charging petitioners with attempting and conspiring to steal a trade secret. The jury acquitted petitioners on the mail fraud count, but found them guilty on the two remaining counts. Pet. App. 2a.

3. On appeal, petitioners contended, *inter alia*, that the patent application used in the sting operation was not a trade secret because it contained information made public in 1999, and that petitioners therefore did not conspire or attempt to steal an actual trade secret. Yang C.A. Br. 29-36. They similarly argued that the court's instructions to the jury were in error because they did not require the government to prove that petitioners stole an actual trade secret. *Id.* at 46-48.

The court of appeals affirmed the convictions. Finding "persuasive the logic and reasoning" (Pet. App. 9a) of the Third Circuit in *United States* v. *Hsu*, 155 F.3d 189 (1998), the court of appeals followed that court in holding that impossibility is not a defense to conspiring to steal trade secrets. The court noted that it, like the Third Circuit, has definitively held in analogous circumstances that impossibility is not a defense when the government uses a sham controlled substance, rather than the actual drugs, in a drug sting. Pet. App. 7a-9a. It also relied on the fact that Congress intended the Economic Espionage Act of 1996 to provide a comprehensive approach to the problem of theft of trade secrets, and that requiring the government to use actual trade secrets in its sting operations would defeat that purpose. *Id.* at 10a ("In effect, the [petitioners'] position would, as the Third Circuit pointed out, force the government to disclose trade secrets to the very persons suspected of trying to steal them, thus gutting enforcement efforts under the EEA.") (internal quotation marks and citation omitted)). Because peti-

tioners intended to steal actual trade secrets, and they committed an overt act towards the completion of the crime, they conspired and attempted to steal trade secrets. *Id.* at 10a-11a.[2]

DISCUSSION

Petitioners contend (Pet. 6-9) that this Court should grant review on the question whether the defense of impossibility applies to attempt and conspiracy provisions of the Economic Espionage Act of 1996, 18 U.S.C. 1832(a)(4) and (5), where the government has not proved that the trade secrets that were ultimately delivered to the defendants were actual trade secrets.

1. In *United States* v. *Recio*, No. 01-1184, this Court granted certiorari to consider "[w]hether a conspiracy ends as a matter of law when the government frustrates its objective." 01-1184 Pet. at i. In that case, two individuals driving a truckload of marijuana and cocaine had been arrested by law enforcement authorities and the drugs seized. One of the drivers agreed to cooperate with the police and contacted other members of the conspiracy to have someone sent to pick up the truck at a shopping mall. Law enforcement officers transported the truck to the mall, and defendants were arrested when they picked up the truck. *United States* v. *Recio*, 258 F.3d 1069, 1070-1071 (9th Cir. 2001).

The two defendants in *Recio* were found guilty of conspiracy to possess the drugs with intent to distribute them, in violation of 21 U.S.C. 846. Relying on its prior decision in *United States* v. *Cruz*, 127 F.3d 791 (9th Cir. 1997), cert. denied, 522 U.S. 1097 (1998), the

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[2] The court of appeals rejected a variety of other claims made by petitioners. Pet. App. 11a n.2, 17a-25a. The petition for certiorari does not challenge the court of appeals' rulings on any of those claims or on the sentencing issues.

court of appeals reversed defendants' convictions. The court held that the original seizure of the drugs had necessarily terminated the conspiracy by frustrating its objectives. The court held that, because the conspiracy had therefore terminated before the proof showed that the defendants had joined it, they could not be convicted of participation in that conspiracy. 258 F.3d at 1071-1073.

2. This case does not involve precisely the same question presented in *Recio*. Law enforcement authorities did not take action to frustrate an ongoing conspiracy in this case, and the question whether such frustration necessarily terminates a conspiracy even if the defendants are unaware of it accordingly is not presented here.

Nonetheless, it would be appropriate to hold this case pending this Court's disposition of *Recio*. Petitioners argue that the goal of their conspiracy was impossible to achieve, because, although they tried to steal what they thought were trade secrets, it turned out that they were not in fact trade secrets. See Pet. i ("The question presented is whether petitioners' belief that they were receiving an actual trade secret is a sufficient basis for their conviction."). They thus argue that impossibility is a defense to their conspiracy charge. This Court's resolution in *Recio* of the question whether impossibility necessarily terminates a conspiracy could affect the analysis of that question. Furthermore, although petitioners were convicted of attempt as well as conspiracy, it is possible that the Court's resolution of the question presented in *Recio* could have a bearing on the analysis of petitioners' argument that impossibility is a defense to their attempt offense as well.

CONCLUSION

The petition for a writ of certiorari should be held pending this Court's decision in *United States* v. *Recio*, No. 01-1184, and then disposed of accordingly.

Respectfully submitted.

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No. 02-136

IN THE

Supreme Court of the United States

Four Pillars Enterprise Co., Ltd., Pin Yen Yang, and Hwei Chen Yang,

Petitioners,

v.

United States of America.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

REPLY BRIEF FOR THE PETITIONERS

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REPLY BRIEF FOR THE PETITIONERS

Petitioners and respondent agree that "this Court's resolution of the question presented in" No. 01-1184, *United States* v. *Recio* (argued Nov. 12, 2002), "could have a bearing on" the question presented by the petition for certiorari. Br. for U.S. 7. The petition therefore "should be held pending this Court's decision in [*Recio*], and then disposed of accordingly." *Id.* 8. Nonetheless, because the Brief of the United States misapprehends the full scope of the relationship between this case and *Recio*, a short Reply is in order.

As the petition explains, "petitioners were convicted of attempting to steal and conspiring to steal a trade secret relating to a product in interstate commerce." Pet. i. The question presented is "whether petitioners' belief that they were receiving an actual trade secret is a sufficient basis for their convictions." *Id.* This Court's decision in *Recio* may implicate that question in two separate respects.

First, this Court may affirm the Ninth Circuit's holding in *Recio* that legal impossibility is a defense to a charge of conspiracy. That holding would contradict the Sixth Circuit's ruling in this case (see Pet. App. 7a-11a) that impossibility is not a defense to inchoate crimes. The case would then appropriately be remanded to permit the court of appeals to reconsider the validity of petitioners' convictions. See Pet. 8-9. The United States agrees. See Br. for U.S. 7.

Second, the United States does not expressly address but importantly does not dispute that a remand may also be in order if this Court reverses the Ninth Circuit in *Recio*, so long as this Court holds that an inchoate offense such as conspiracy requires the government to prove that the facts, as the defendant understood them, constituted a crime. Indeed, at oral argument before this Court in *Recio*, the government suggested that was the correct rule. *E.g.*, 01-1184 Trans. 13 ("the question of conspiracy liability is judged by what the actor perceives to be the facts").

In this case, petitioners were charged not merely with "conspiring to steal a trade secret and attempting to receive a trade secret" (Br. for U.S. 2) but specifically with committing those inchoate offenses with respect to "a trade secret with a sufficient federal nexus – one that is 'related to or included in a product that is produced for or placed *in interstate or foreign commerce*'" (Pet. 2 (quoting 18 U.S.C. 1832(a)) (emphasis added)). That federal nexus is of course not a makeweight: it is an element of the crime, and it is furthermore the justification for federalizing an offense that has long been prosecuted by the states.

The Sixth Circuit in this case nonetheless affirmed petitioners' convictions on the ground that they purportedly knew the materials they received were "trade secrets," without regard to whether petitioners knew those materials were trade secrets relating to a product *in interstate commerce*. See Pet. App. 10a-11a ("The Yangs' conspiracy to steal the trade secrets in violation of § 1832(a)(5) was completed when, with the intent to steal the trade secrets, they agreed to meet with Lee in the hotel room and they took an overt act towards the completion of the crime, that is, when the Yangs went to the hotel room.").

The petition accordingly explained that,

> even if this Court reverses the Ninth Circuit in *Recio*, petitioners' convictions may be invalid, for the Sixth Circuit held that the government need only prove that petitioners believed that the "mock" patent application the government had manufactured was a trade secret, as opposed to a trade secret "in interstate commerce," the element on which federal jurisdiction rests in this case.

Pet. 8. In support, the petition relied on *United States* v. *Brantley*, 777 F.2d 159, 164 (CA4 1985), which held that a conspiracy conviction relating to an offense with an interstate commerce nexus is valid only if the defendants are aware of

that nexus. See Pet. 8.[1] Any other rule would permit the government literally to "manufacture" federal jurisdiction over an offense – a concern directly implicated by this case, in which the "mock" patent application that underlies petitioners' convictions was assembled for the purposes of the sting operation in this case. Pet. 3 (citing J.A. 1363).

CONCLUSION

For the foregoing reasons, as well as those set forth in the petition for certiorari and the Brief of the United States, the case should be held pending this Court's decision in No. 01-1184, *United States* v. *Recio*, and then disposed of accordingly.

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[1] Other cases to like effect are *United States* v. *Coates*, 949 F.2d 104, 106 (CA4 1991), and *United States* v. *Archer*, 486 F.2d 670, 681-82 (CA2 1973).